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Concise summary of principal findings, conclusions and recommendations contained in the reports prepared by the Board of Auditors for the General Assembly at its fifty-seventh session

Note by the Secretary-General

The Secretary-General has the honour to transmit to the members of the General Assembly, pursuant to Assembly resolution 47/211 of 23 December 1992, the concise summary of principal findings, conclusions and recommendations contained in the reports on the audit of the accounts for the financial period ended 31 December 2001, prepared by the Board of Auditors.

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Letters of transmittal

27 June 2002

I have the honour to transmit to you, in accordance with the request made by the General Assembly in paragraph 18 of resolution 47/211, the concise summary of principal findings, conclusions and recommendations contained in the reports prepared by the Board of Auditors for the General Assembly at its fifty-seventh session.

(*Signed*) Shauket A. **Fakie**
Auditor-General of the Republic of South Africa
and Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York

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Summary

The General Assembly, in its resolution 47/211 of 23 December 1992, invited the Board of Auditors to report in a consolidated fashion on major deficiencies in programme and financial management, on cases of inappropriate or fraudulent use of resources and on measures taken by United Nations organizations in this regard. The findings, conclusions and recommendations included in the present report, in addition to those contained in the resolution mentioned above, are, in the view of the Board, of particular importance in relation to common themes in 16 organizations audited by the Board. The detailed findings relating to a particular organization can be found in the relevant report. A list of the organizations reported on by the Board appears in annex I.

The present report includes comments on previous recommendations of the Board that have not been fully implemented, and on the following financial and management issues: modified audit opinions; presentation of financial statements; end-of-service benefits; operational/financial reserves; unliquidated obligations; trust funds; treasury operations; United Nations privileges and immunities; programme management; information and communication technologies; consultants, experts and temporary assistance; staffing; ethics; internal audit; legal aid system and fee-splitting; cases of fraud and presumptive fraud; and other issues.

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I. Previous recommendations not fully implemented

1. The Board has highlighted separately in each report those of its recommendations for financial periods ended 31 December 1997 and earlier that had not been fully implemented as at mid-2002 by administrations. Three organizations and programmes (the United Nations,[1] the United Nations Environment Programme (UNEP)[2] and the United Nations Human Settlements Programme (UN-Habitat))[3] each had one outstanding recommendation not fully implemented for one financial period or more. In the case of the Office of the United Nations High Commissioner for Refugees (UNHCR)[4] there were two recommendations outstanding in respect of the period 1995 to 1997.

2. The Board has also commented in an annex to each report on the status of each organization's implementation as at mid-2002 of its recommendations for the financial period ended 31 December 1999. A breakdown of the status of implementation of the recommendations by organization is set out in annex II. All 16 organizations had, to varying degrees, implemented some recommendations less than fully. Furthermore, seven organizations and programmes had not implemented some of the recommendations at all. Out of a total of 212 recommendations made in the previous biennium, 122 (58 per cent) had been fully implemented, 79 (37 per cent) were in progress, and 11 (5 per cent) had not been implemented.

3. The Board noted the progress made in implementing the recommendations. However, the Board encourages those organizations that have not fully implemented the recommendations to take action in this regard, with emphasis on outstanding recommendations dating back to the biennium 1996-1997 and earlier.

II. Financial issues

A. Modified audit opinions

4. The Board issued unqualified opinions on the financial statements of the 16 organizations listed in annex I of the present summary. However, the Board has emphasized specific matters of concern by issuing modified audit opinions in respect of five organizations or programmes out of the 16. In the case of the United Nations Office for Project Services (UNOPS), the Board expressed its concern over the deteriorating financial position. This was evident from shortfalls over the last two years and the depletion of the operational reserve to $5 million, some $18.1 million below the required level. A continued failure to meet projections is likely to result in the need for UNOPS to curtail its operations.

5. Nationally executed expenditure is a key modality of several organizations, including the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA) and UNHCR. There are various management measures to control and monitor the efficient utilization of funds for the purposes intended. A high degree of reliance had been placed on the reports of the auditors of the implementing partners, and shortcomings in this regard have resulted in qualified audit opinions in the past. Although significant improvements have been made, the controls in this regard remain an area of concern, and the Board has consequently modified its audit opinion for UNDP, UNFPA and UNHCR.

6. Furthermore, the Board draws attention to note 3 (d) to the financial statements of UNDP, for which it has been unable to obtain assurance as to the reasonableness of the value of non-expendable equipment, disclosed in the amount of $94.5 million. The Board has modified its audit opinion accordingly.

7. In the case of the United Nations International Drug Control Programme (UNDCP), the Board draws attention to a lack of procedures ensuring completeness and timeliness in recording field obligations in conjunction with UNDP. The Board has also modified its audit opinion in this respect.

B. Presentation of financial statements

8. The objective of financial statements is to provide information about the financial position and performance of the organization, changes in its financial position and compliance with legislative and other authorities. The financial reports prepared by organizations could provide valuable information about and analysis of their operations. However, the reports have varied in terms of the details presented. The Board encourages organizations to standardize such financial reports and to transmit them in future with financial statements to the Board of Auditors.

9. The Board confirmed that organizations generally complied with the United Nations system accounting standards for the biennium 2000-2001. However, further work needs to be done to improve the presentation of the financial statements. The main issues for attention are as follows: non-provision for uncollectable pledges (UNFPA);[5] lack of disclosure of the value of non-expendable property pending write-off decisions in the notes to the financial statements (International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994);[6] non-disclosure of policy and activities in respect of hedging against currency fluctuations (UNDP);[7] inappropriate disclosure of cost incurred for construction work in progress (United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA));[8] the creation of a provision for anticipated exchange losses and the inclusion of support costs as programme costs (United Nations Children's Fund (UNICEF)).[9]

10. **The Board is pleased to note that, in general, the organizations have agreed to consider further improvements to the presentation of the financial statements. The United Nations Joint Staff Pension Fund has also agreed to review the organization of its accounting functions.**

11. The Board noted that at United Nations Headquarters, general trust funds and technical cooperation funds differ in their accounting treatment of voluntary contributions pledged. General trust funds accrue voluntary contributions that were formally pledged as income, while technical cooperation funds record contribution income only when cash is received. However, entities away from Headquarters, such as the Economic Commission for Africa and the Economic Commission for Latin America and the Caribbean (ECLAC), had recorded pledged contributions on an accrual basis for technical cooperation funds valued at $2.3 million and $5.2 million, respectively, as at 31 December 2001. Similar issues have been identified in other organizations.

12. **The Board recommended that the Office of Programme Planning, Budget and Accounts (a) review the application of the provisions of the United Nations Finance Manual in relation to the United Nations system accounting standards in order to address the inconsistency in the recording of unpaid pledges, and (b) apply consistently the accounting policy on recognition of income in trust funds.**[10]

13. The disclosure of cash and term deposits for UNICEF is split in financial statement II between convertible currencies and non-convertible currencies. Some convertible currencies have been disclosed as non-convertible. In fact, the non-convertible balances should be $2.3 million instead of $7.5 million, as now stated, in currencies of countries adhering to article VIII of the International Monetary Fund Articles of Agreement, on convertibility. **The Board recommended, and UNICEF agreed, that its classification of convertible currencies should be revised in consultation with other United Nations organizations.**[11]

14. In the case of UNRWA, the organization capitalized its land and buildings, while it had expensed such transactions in the prior biennium. This represented a change in accounting policy and also resulted in the restatement of prior-year balances. Details of the change in accounting policy and the restatement of amounts were not specifically disclosed in the notes to the financial statements. **The Board recommended that UNRWA improve its disclosure in the financial statements, and UNRWA agreed to do so.**[12]

15. With regard to expendable and non-expendable property, there continue to be weaknesses in the custody and control of non-expendable equipment (UNRWA[13] and UNFPA).[14] Despite previous recommendations by the Board, inventory records at UNDP headquarters and in some country offices visited are still not continuously updated and include some inadequate descriptions and identifications.[15] At UNFPA, controls over the recording, safekeeping and maintenance of assets at headquarters were not in accordance with the financial regulations and rules.[16] Due to the inaccuracy and incompleteness of some data, the Board was unable to obtain adequate assurance that the value of non-expendable equipment was reasonable at UNRWA ($65.8 million)[17] and UNDP ($94.5 million).[18]

C. End-of-service benefits

16. The Board noted that liability for staff benefits and after-service health insurance was not provided for in most of the organizations. In the biennium 2000-2001, UNDP made, for the first time, an accounting accrual of $54 million in respect of post-retirement health insurance. However, the amount accrued represented only 21 per cent of the estimated liability of $256 million.[19] The estimated liability as at 31 December 2001 for the United Nations ($1.44 billion),[20] UNRWA ($143.6 million),[21] UNHCR ($228 million),[22] UNICEF ($196.4 million),[23] UNFPA ($59.7 million)[24] and UNOPS ($38.9 million) was not provided for at all.

17. **The Board recommended that the United Nations and its various funds and programmes review the mechanism and targets for providing for end-of-service benefit liabilities.**

D. Operational/financial reserves

18. The Board was pleased to note that there was an excess of income over expenditure in biennium 2000-2001 that did not show such a surplus in the previous biennium for a number of organizations. However, there are also cases that represent a deteriorating financial position with regard to some or all sources of income.

19. In the case of UNOPS, total administrative expenditure for the biennium was $108 million while income was $92 million, resulting in a deficit of $16 million (before prior-period savings). The operational reserve was accordingly reduced to $5 million, some 78 per cent lower than the required level.[25] UNOPS is budgeting to break even in 2002. However, there is a possibility that if it does not do so the low level of its operational reserve may not enable it to absorb the resulting deficit. There is a significant risk that internal and external factors could influence the achievements on which forecasts and projections are based. UNOPS does not have a contingency plan for such a situation. **The Board recommended that UNOPS prepare a contingency plan, to be submitted to the Executive Board for approval, providing for measures to be taken in the event of a deficit exceeding the operational reserve.**[26]

20. For the biennium, UNICEF income marginally exceeded its $2.35 billion in expenditure, by $90,000. By comparison, UNICEF income exceeded expenditure by $138.4 million for the biennium 1998-1999. For the first time, regular resources represented less than half of income (47 per cent). However, trust fund resources, which are not included in income, increased by 55 per cent, to $612 million. The greatest part of the decline occurred in the Private Sector Division (formerly the Greeting Card Operation): its net consolidated income decreased by 21 per cent from the level of the previous biennium, to $324 million, a shortfall of $93 million in relation to the target. The Board noted that sales proceeds from some National Committees were not fully recovered, and that UNICEF was launching a new strategy based on increased fund-raising.[27]

21. UNDCP incurred expenditure exceeding income by $13.9 million, reducing its general purpose and special purpose fund balance to $53.4 million. Non-earmarked contributions decreased by 10.5 per cent in relation to the previous biennium. By comparison, during the biennium 1998-1999 the overall financial position of UNDCP had improved, with a net excess of income over expenditure of $5.4 million. The balance of the general purpose fund fell from $31.7 million in 1997 to $9.8 million as at 31 December 2001. UNDCP is aware that a real financial risk could arise in 2003 unless there is a return of donor confidence. UNDCP indicated that cost-efficiency measures are planned and that a cash-flow analysis is now performed on a quarterly basis.

22. As at 31 December 2001, UNEP reserves and fund balances amounted to $14.8 million, compared with $20.3 million for the biennium 1998-1999. The balance of financial reserve appearing in the financial statements is only $10 million, or 50 per cent of the level authorized by the Governing Council. In February 2001, the Governing Council authorized the Executive Director to approve an advance of up to $8 million from the Environment Fund financial reserve to the United Nations Secretariat, on a loan basis, towards the construction of additional office accommodation, subject to and without prejudice to the final approval of the construction on the part of the Advisory Committee on Administrative and Budgetary Questions and, as appropriate, other competent authorities according to United Nations rules and procedures. The Board is concerned that the financial reserve will decline to $2 million when the loan agreement is signed, and the

reserves and fund balances of $16 million will not cover a quarter of the biennial expenditure of the Environment Fund at the present level of spending.[28]

23. In the case of UNHCR, income has declined over the past five years from $820 million to $775 million (6 per cent), and expenditure from $974 million to $783 million (24 per cent). UNHCR reserves have been reduced from $191 million to $149 million (28 per cent). This trend was reversed in 2001, partially due to the restriction of expenditure by the new High Commissioner, resulting in an increase of $20 million in total reserves.[29]

24. For the International Research and Training Institute for the Advancement of Women, donors' annual contributions declined steadily from $1.92 million in 1992 to $0.81 million in 2001, a 58 per cent decrease.

25. **The Board is concerned that such declining trends could lead to serious financial difficulties for several United Nations organizations, and it encourages these organizations to intensify their efforts to increase income while containing expenditure within reasonable limits.**

E. Unliquidated obligations

26. The review of unliquidated obligations revealed that there is a need for follow-up to ensure that only valid obligations are retained, since expenditure could be overstated.

27. Unliquidated UNDP obligations as at 31 December 2001 had increased by 10 per cent from the level of the 1998-1999 biennium, to $70.8 million, in respect of regular resources; by 6 per cent, to $193.8 million, in respect of other resources; and by 10 per cent, to $5.8 million, in respect of funds administered by UNDP. **The Board recommended that UNDP review unliquidated obligations on a monthly basis and follow up on any differences in a timely manner.**[30]

28. The unliquidated obligations reported by UNHCR ($74 million as at 31 December 2001) are not recorded in its general ledger, but are equal to the difference between spending authorizations and disbursements. As a consequence, in this regard, the financial statements of the funds administered by UNHCR, as stated in note 2 (c) to those statements, provide only an estimation of UNHCR expenditure, instead of the actual expenditure. **The Board recommended that expenditure be properly accounted for instead of being estimated.** UNHCR has agreed to implement that recommendation as soon as its new information system allows.[31]

29. Unliquidated UNICEF obligations amounted to $173 million as at 31 December 2001, a decrease of 10 per cent from the level of the previous biennium. Some $5 million of this amount represented obligations that were not valid, most of them because contracts, memorandums of understanding or purchase orders used to create obligations for 2001 were in fact signed in January 2002. In some cases, supporting documents were not valid, for insufficient amounts or non-existent. **The Board recommended, and UNICEF agreed, that its unliquidated obligations at year's end should be reviewed more thoroughly, in compliance with financial regulations, and that the reports to the donors should be amended accordingly where appropriate.**[32]

30. Another example is that of UNDCP, which does not properly report all field-level commitments and obligations and does not fully disclose obligations not liquidated at year's end.[33]

F. Trust funds

31. The Board noted that there have been situations in which there was a delay in the closure of trust funds whose purposes had been attained. Moreover, there were still some inactive trust funds and some trust funds in deficit. For the United Nations, the financial statements of 61 trust funds did not show any expenditure for the biennium 2000-2001 except for transactions pertaining to the investment pool and related accounts. Twenty-four of them showed nil balances; 17, with combined reserves and fund balances of $12 million, are inactive; and 20, with combined reserves and fund balances of $52 million, are still active.[34]

32. The Administration is cognizant of these inactive trust funds and continues its coordination efforts with programme managers and donors concerned for the closure of inactive trust funds whenever possible. **The Board reiterated its previous recommendation that the Office of Programme Planning, Budget and Accounts take further action to review trust funds**

whose purposes have long been attained in order to close those that are inactive and are no longer required.[35]

33. For the United Nations Volunteers (UNV) it was noted that at least 37 of the 80 sub-trust funds and 20 of the 96 fully funded arrangements, listed in schedules 7.1 and 7.3 of UNV financial statements respectively, were inactive as at 31 December 2001. No contributions or expenditure were reported for these sub-trust funds and fully funded arrangements during the last two years or longer.[36] **The Board recommended that UNV follow up inactive sub-trust funds and fully funded arrangements with a view to finalizing all outstanding activities and to complying with the specific closure requirements included in the donor agreements.**[37]

34. The Board noted that 16 of the 281 trust funds established by UNDP and reported on in schedule 5 of UNDP's financial statements were in a deficit position as at 31 December 2001. The total deficit of these trust funds was $2.7 million.[38] Similarly, six of the UNFPA trust funds had negative balances, totalling $0.203 million, at 31 December 2001, compared with $0.84 million as at 31 December 1999.[39]

35. **The Board recommended, and UNDP agreed, that it should continue to follow up on all trust funds in deficit with a view to rectifying the overexpenditures. The Board further recommended that UNDP implement a system to monitor trust fund overexpenditure.**[40]

G. Treasury operations

36. The United Nations Office at Geneva Treasury has the responsibility to manage funds. The cash and investments balance as at 31 December 2001 was $275 million. The reduced personnel of the unit, which consists of one Professional staff member performing both front- and back-office tasks and five General Service staff members, constitutes a weakness in internal control because of inadequate segregation of duties. **The Board recommended that the United Nations Office at Geneva conduct a risk analysis and ensure that front- and back-office Treasury operations are adequately separated,**[41] **and the United Nations Headquarters Treasurer concurred.**

37. At UNHCR, pledges for contributions made in currencies other than the United States dollar are accounted for at the United Nations exchange rate at the time the pledge is recorded, but UNHCR does not hedge against the related exchange rate risks; as a consequence, currency exchange losses on pledges recorded in the 2001 financial statements amounted to $12.4 million. **The Board recommended a more proactive stance in exchange risk management.**[42]

38. For its management of cash, which totalled $645 million at the end of the biennium, UNICEF has yet to consolidate and constantly update a treasury manual. Its investment performances could gain from such measures as external representation on its Financial Advisory Committee, a more diversified investment strategy, improved cash forecasting and possibly a prudent use of external investment managers. UNICEF is currently gathering information on best practices in United Nations and non-United Nations entities.[43]

39. The Board noted in its previous report that UNDCP had not reconciled its bank accounts properly for significant periods. Although progress has been achieved, UNDCP has kept a local bank account in Brazil without accounting for its operations. The balance of that account averages some $12.5 million per year in Government project co-financing funded by World Bank loans. The funds are transferred within a few days to a New York bank account before being allocated back to local project expenditures. UNDCP has not disclosed the Brazilian bank account transactions in its general ledger, and it only manually accounts for the bank balance at year's end. The above-mentioned income, but not the Brazilian bank charges, is, however, properly reflected through accounting for the New York bank account. Nevertheless, the Board considers that no bank account should be operated without full disclosure and accountability. UNDCP has agreed to abide by the Board's recommendation.[44]

40. For UNEP, the Board verified the bank reconciliation statements as at 31 December 2001 and noted some transfer transactions in March, May, June and October of 2001, valued at $2.29 million, which remained unrecorded as at 31 December 2001. The Board expressed concern that allowing these reconciling items, including those antedating the conversion to the Integrated Management Information System (IMIS) on 17 July 2001, valued at some $50,000, to remain unresolved for such a long time could result in their accumulation and could complicate verification. **The Board recommended that all reconciling items identified during the preparation**

of monthly bank reconciliation statements be promptly resolved and that the necessary recording and/or adjustments be made in the books of account, and the Administration agreed to comply.[45]

41. As at 31 December 2001, UNDP had the following types of investments: interest-bearing current accounts, call accounts, time deposits, bonds and notes, and money market funds. The carrying value of investments amounted to $1.96 billion as at 31 December 2001. The UNDP Treasury Section invests and manages its own surplus funds, with oversight from the UNDP Investment Committee. The Board noted, however, that there was no segregation of duties between the following investment functions: investment management, credit risk monitoring, performance reporting and investment accounting. **The Board recommended that proper segregation of duties between investment functions should be implemented, and UNDP agreed to comply.**[46]

III. Management issues

42. While noting progress on management issues, the Board has provided a large number of recommendations in many areas. The main significant findings and recommendations have been included below.

A. United Nations privileges and immunities

43. The Board had noted in its previous report, as well as in its 2002 report on peacekeeping operations, that certain Governments subjected some organizations to the payment of taxes and customs duties, contrary to the Convention on the Privileges and Immunities of the United Nations. Two tax authorities had subjected UNRWA to direct taxes and customs duties totalling $27 million. In spite of its efforts, UNRWA was able to recover only about $185,000. **The Board reiterated its recommendation that UNRWA make further appeals to the relevant administrations to accept the tax-exempt status of the Agency.**[47] With respect to the United Nations Joint Staff Pension Fund, 49 Member States still refuse to recognize the tax-exempt status of the Fund's investments under the Convention on the Privileges and Immunities of the United Nations. Amounts withheld by some of them again increased, by 12 per cent, to $25.1 million as at 31 December 2001.[48]

B. Programme management

44. The United Nations and its funds and programmes have different modalities for implementing programme expenditure at the national level, either directly or through implementing partners. The Board was concerned by the lack of consistency between organizations in both accounting treatment and procedures for accountability and related internal controls. The Board encourages the United Nations and its funds and programmes to harmonize their accounting treatment and procedures with regard to programme expenditure.

45. The Board is pleased to note that, while it had previously qualified its opinion on the financial statements of UNDP, UNFPA, UNDCP and UNHCR due to serious limitations of scope, improvements have in general led to better monitoring and control of programme expenditure for several funds and programmes. Some matters of concern have, however, been emphasized, regarding deficiencies in outstanding advances of implementing partners, in the quarterly reporting of funds utilization, in audit certificates required for completed projects, in the approval of projects prior to their being initiated and in the financial completion of operationally closed projects, as noted below.

46. At UNEP, 4 of the 68 projects reviewed were started before the approval of the project documents, 11 were started before the acceptance of the project documents and 6 were started before both approval and acceptance. As at 31 March 2002, UNEP had 100 inactive but unclosed projects (an improvement from 254 as at 31 December 1999). These projects had been inactive for up to 15 years but were not closed, owing to the non-submission of audited financial reports, evaluation fact sheets, final reports for internal projects or inventories of non-expendable equipment. **The Board recommended that UNEP approve projects before they are commenced, establish a reasonable lead time for the review and approval of project documents and review the causes for the non-submission of the required reports to facilitate the timely closure of inactive projects.**[49]

47. The United Nations Fund for International Partnerships (UNFIP) requests audit certificates for completed projects from all its implementing partners, but most of its expenditure (85 per cent for the last financial period) is executed by United Nations funds

and programmes, which are already audited by the Board of Auditors. **The Board recommended that UNFIP issue a new policy on the audit certificate requirement, taking into consideration the audit opinion issued by the Board of Auditors on the accounts of the United Nations funds and programmes that implement UNFIP projects.**[50]

48. To speed up the submission of project documents for approval, an UNFIP "sunset clause" has the effect of withdrawing the funding of projects when documents have not been submitted 180 days after funding approval. However, between May 1998 and December 2001, UNFIP did not apply the sunset clause to the 18 projects that failed to comply. **The Board recommended that the criteria in the application of the sunset clause be reviewed and revised in cases in which longer time frames are justified.**[51]

49. The rate of UNICEF programme implementation increased from 77 per cent in 1999 to 89 per cent in 2001. However, more than 40 per cent of expenditures for programme supplies, consultants and cash assistance occurred during the last quarter, and between 16 and 23 per cent in December. In one major country, 89 per cent of supplies were purchased in December. Various factors might explain this pattern of high expenditures in the last quarter, but such a concentration at the end of the year may indicate a weakness in planning, with the attendant risk of hasty spending and therefore of poor programme implementation and monitoring.[52]

50. The Board again reviewed the accounting treatment of UNICEF cash assistance ($368 million in 2000-2001), after UNICEF had changed its financial regulations to align them with its practice of accounting for advances of cash assistance as final programme expenditures. The Board still considers that when cash assistance is disbursed there is not yet a complete transfer of ownership since, according to UNICEF, it does not transfer the responsibility for the allocation of its resources to the Government or other partners for their sole decision, but remains jointly responsible with them for resource allocation and monitoring, and since unused funds are reimbursed or reprogrammed to other activities, with the approval of UNICEF. Therefore, the Board concurs with the Advisory Committee on Administrative and Budgetary Questions that cash assistance should be treated as an advance, if it is not a grant. The Board also noted that by April 2002, UNICEF had not yet received confirmation that counterparts had used $181 million in cash assistance disbursed in 2000-2001 in accordance with the terms of the initial projects. **The Board recommended that UNICEF take the opportunity of the triennial comprehensive policy review to reconsider its policy, as requested by the Advisory Committee.**[53]

51. The Board also found that in order to provide more regular feedback to field offices on best practices, UNICEF could focus headquarters monitoring on the quality of cash assistance procedures and of budget projections, on the assessment of counterparts' financial systems and on the implementation of its own internal audit's recommendations for country offices.[54]

52. The General Assembly requested the United Nations Institute for Training and Research (UNITAR) to monitor the balance between core training programmes and participants from developed, transitional or developing countries. UNITAR has not provided such data, while the percentage of participants from the developing countries remains comparatively low.

53. At the Office of the United Nations High Commissioner for Human Rights (OHCHR), advances of $17.5 million to implementing partners were yet to be justified, of which $2.15 million related to advances made prior to 31 December 2000. Some $14 million related to UNOPS, without any written agreement between the two parties: the last memorandum of understanding expired in 1998, and as at May 2002 a new draft was still pending. Due to UNOPS reporting delays, the 1999 expenditure was accounted for in the 2000-2001 financial statements, instead of the previous, appropriate biennium. Similarly, the 2001 second-semester expenditure was reported in March 2002 to OHCHR, which forwarded the information only in May 2002 to the United Nations Office at Geneva, and was not taken into account in the biennium 2000-2001.

54. In its report on UNHCR for 1998, the Board recommended that advances to implementing partners be treated as accounts receivable at the time the advances were made, and cleared to expenditure on receipt of financial reports. In 2001, this concerned two thirds of the $431 million in operational expenditure by Government or non-governmental partners. Out of $124 million in 2000 expenditure covered by audit certificates reviewed by the Board, $106 million

(86 per cent) lacked reference to the implementing partner's financial report. One fifth of the reports also did not have a clear certification of compliance with rules. But UNHCR has succeeded in reducing the outstanding balances not yet justified by an implementing partner's financial report, from $55.7 million as at the end of June 2001 to $11.8 million as at 20 June 2002. The outstanding balances relate to expenditure incurred from 1994 to 2001.[55]

55. In local audit certificates covered by the Board's review, significant findings were provided in relation to $25.3 million in expenditure, and a qualified opinion was expressed regarding 1.5 per cent of the expenditure. UNHCR has acted upon this situation: in one case, the recommendations made by the auditors led to the cancellation of the sub-agreement and to the recovery of funds from one implementing partner. In another case, a plan was prepared to strengthen the capacity of a non-governmental organization to deal with urban refugees and to improve its internal controls; when performance did not improve to the required level, a new implementing partner was selected to replace that non-governmental organization. Other field offices did not provide proof of audit follow-up. **The Board recommended that UNHCR monitor corrective action taken by field offices in cases of audit certificates with qualifications or significant findings, and consider establishing a database on local audit resources and results to facilitate audit monitoring and risk assessment.**[56]

56. For UNFPA, programme expenditure in the biennium 2000-2001 amounted to $533.8 million, compared with $569.8 million in the previous biennium.[57] UNDP programme expenditure also decreased, from $4.5 billion in the biennium 1998-1999 to $4.2 billion in 2000-2001.[58] UNDP and UNFPA have also improved their coverage of programme expenditure to certify that funds have been utilized for the intended purpose, especially with regard to nationally executed expenditure. **However, the Board remains concerned that controls are not functioning at an optimum level, and that this limits the effectiveness of procedures and assurance of the proper performance of the funds.**

57. For UNFPA, in 2000-2001 the Board reviewed 150 projects with allocations totalling $191.2 million. The Board noted that 12 per cent of the sample projects at country offices exceeded their allocations, resulting in a total deficit of $1.8 million. **The Board reiterated its recommendation that UNFPA improve its monitoring procedures to ensure that country offices do not exceed their expenditure allocations.**[59]

58. For UNDCP, out of $33.1 million in nationally executed expenditure audited locally in 2000-2001, $3.1 million was subject to a qualified opinion by local auditors. At UNHCR, a qualified opinion was expressed with regard to only 1.5 per cent of expenditure, but critical findings applied to $25 million out of a sample of $124 million.

59. The United Nations University (UNU) Council requires the UNU research and training centres to report on the status of implementation of programmes and projects, substantive accomplishments, budgetary provisions and total expenditure accumulated on a per-project basis. The salaries of researchers were not captured in the financial system when costing projects. **The Board recommended that salaries be included in the costing of projects, with an allocation ratio in the event that a researcher works on several projects.**[60]

60. At UN-Habitat, out of a sample of 20 operationally completed projects, 10 (valued at $1 million) were not closed in IMIS as at 31 December 2001. One operationally closed project was erroneously charged with expenditures of an active project. **The Board recommended that all operationally completed projects be financially closed in a timely manner.**

C. Information and communication technologies

61. Most agencies, funds and programmes, some of them users of IMIS, have developed or are in the process of developing parallel systems. Such is the case of smaller organizations, even those that can rely on joint services, such as the Economic Commission for Europe, the Office for the Coordination of Humanitarian Affairs (OCHA), OHCHR and the United Nations Conference on Trade and Development, all located at the United Nations Office at Geneva.

62. On a much larger scale, funds and programmes such as UNDP, UNHCR and UNICEF, as well as a number of specialized agencies such as the World Food Programme, the Food and Agriculture Organization of the United Nations, the International Civil Aviation Organization, the International Labour Organization,

the United Nations Educational, Scientific and Cultural Organization and the World Health Organization have made or are about to make significant investments in enterprise resource planning applications. This usually comes at a substantial cost. Investments are sourced individually, though often from the same suppliers, and there is little effective coordination. Efforts are therefore replicated in many places, at the risk of redundant investments and of added interface difficulties between an increasing number of systems and databases, leading to a pattern of redundant systems. **The Board therefore expresses concern and reservations about the concurrence of a number of costly information and communication technologies (ICT) systems within the United Nations system, at the expense of the same stakeholders — the Member States — covering the same geographical areas, under similar rules and regulations, and working towards the same global ends.**

63. Several United Nations organizations have in common such deficiencies as a lack of medium-term ICT strategy and inadequate procurement and infrastructure planning. Delays and budget overruns are frequent. A lack of clarity in ICT scope, budget, responsibilities and reporting has been noted in several organizations. A frequent feature is inadequate security of access to the systems. The physical security of the equipment is seldom state-of-the-art, and the development of continuity and disaster plans is often sluggish. Inventories of worldwide equipment are not properly consolidated, such as at OCHA. Software licence protection is not enforced everywhere. In view of these shortcomings, **the Board recommended that coordinated efforts be made on an inter-agency basis in terms of ICT management, security and continuity**.

64. At United Nations Headquarters and at the United Nations Office at Geneva, the Board reviewed the general and application controls of IMIS and the related databases in order to form an opinion on their overall effectiveness in relation to the reliability of the financial statements processed on this basis. The Board reviewed both the report of the Secretary-General entitled "Information technology in the Secretariat: a plan of action" (A/55/780), which discussed the status of technology in the Secretariat, and the integration of ICT into the strategic component of programme delivery. The Board found that the framework described in the report provided reasonable overall direction for the implementation of information technology in the Secretariat. In general, the Board found the IMIS controls satisfactory, which is to say that there is awareness and understanding of the need to address problems; there are defined, standardized and documented processes; some measurement systems are emerging; and there are only isolated cases of non-compliance. More specifically, the Board made recommendations on processes and policies relating to risk management, on developing a standard change authorization and management process, and on updating the business recovery plan. Areas have been identified for improvement in the finance and human resources modules and in non-computerized controls. However, the Board found that, overall, the IMIS human resources modules are state-of-the-art and performing at a very high level; that the manual compensating controls in the IMIS finance module are acceptable to the extent that they support the integrity and reliability of the financial statements; that the test of control procedures in the payroll module did not reveal significant problems; and that the user security issues did not materially impact the financial statements.[61]

65. An improvement was noted in UNICEF ICT management, although there is a lack of resources and of an information security policy; in addition, a suitable disaster recovery plan is not expected to be fully operational before the end of 2003. Similar observations were also made regarding UNDP, UNFPA and UNOPS. The International Trade Centre has developed a corporate management information system, but after two years of existence it is still not fully operational. At the United Nations Joint Staff Pension Fund, most of the problems of the Lawson data-processing system, installed in 1998, have now been solved, but the linkage between the system and the payments unit is deficient; since 2000, the Investment Management Service has not had an internal accounting system, while a decision has yet to be made on introducing a new system. There are several shortcomings in security policy and security measures. In conclusion, **the Board recommended that a comprehensive, United Nations-wide review be undertaken with the aim of coordinating ICT efforts in order to ensure that, in terms of cost-effectiveness and cost-benefit, the approaches taken are in the best interests of Member States.**[62]

D. Consultants, experts and temporary assistance

66. At OCHA, several staff members have been hired on a succession of short-term contracts to perform regular, long-term headquarters functions. In one case, UNICEF paid an incumbent on a temporary fixed-term contract while the staff member continued working at OCHA. Such practices not only defeat all rules concerned, but also bar staff members from accumulating benefits based on seniority. At the United Nations Joint Staff Pension Fund permanent ICT functions are performed by staff members with temporary assistance contracts.

67. The following irregularities were found in the hiring of consultants:

(a) Some rosters of consultants are either not maintained or not regularly updated (e.g., at ECLAC, the United Nations Office at Nairobi and the Office of the Special Representative of the Secretary-General for Children and Armed Conflict);

(b) Some consultants were hired without being on the roster (ECLAC);

(c) Individual contractors were hired continuously, or consultants' contracts covering the same work assignments as their previous contracts were renewed or extended (ECLAC, the Department for Disarmament Affairs and the Department of Political Affairs);

(d) Consultants were allowed to commence work without a signed or approved contract; some contracts needed ex post facto approval to regularize the hiring because the consultant had already completed the assignment (the Department of Economic and Social Affairs, the Department of Public Information and the Office of the Special Representative of the Secretary-General for Children and Armed Conflict);

(e) Terms of reference for the work assignment of consultants were sometimes either not submitted prior to the processing of contracts of engagement or were incomplete (the Department for Disarmament Affairs, the Department of Political Affairs and the Department of General Assembly Affairs and Conference Services);

(f) The selection process undertaken prior to hiring consultants is not always documented (the Department of Political Affairs). The actual gender distribution ratio is sometimes far from the General Assembly's goal of 50:50 (DPA).[63]

E. Staffing

68. Ensuring that vacant positions are filled with minimum delay is essential. This is not always the case. For example, the Board recommended in its reports on the 1996-1997 and 1998-1999 bienniums that the United Nations Office at Geneva reduce recruitment delays. The average time elapsed from post classification to candidate approval has been lowered for Professional staff, but only from 236 days in 1999 to a still high 210 days in 2001, about half of which is taken up by departmental reviews. Significant shortages of Professional-level staff also hinder the performance of the Division of Administration: the post of Head of Division (D-2) was vacant from July 2001 to February 2002, the post of Chief of Financial Resources Management and Electronic Service has been vacant since 1997, and the post of Chief of the Payroll Unit in charge of some 8,900 United Nations staff members was vacant during the whole biennium. The audit findings indicate that such vacancies affect the cost-effectiveness of the United Nations Office at Geneva and of the entities it serves. The Board is looking forward to the results of the new staffing system in effect since 1 May 2002.

69. At OCHA, a P-2 post allocated to New York is utilized for a staff member based in Geneva, despite the Advisory Committee's refusal to approve the transfer of the post from New York to Geneva; and despite a recommendation made by the Office of Internal Oversight Services (OIOS) in September 2001, seven staff members recruited for an operational project are still working in the Geneva office. The United Nations Office at Vienna budget and organizational chart, as approved by the General Assembly, provides for a single D-1 post of Director of Conference Services, but the function has been split between two D-1 officers, one of them under a temporary contract continually renewed over several years at an annual cost of some $100,000. **The Board recommended that the United Nations Office at Vienna either reorganize its Conference Services under a single Director or submit an accurate staffing table to the General Assembly.**

F. Ethics

70. Staff rules provide an adequate framework for staff conduct, but the Board has noted the need for greater diligence in several fields. There are, for example, no rules forbidding the immediate recruitment of departing International Tribunal personnel by defendants. At the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991, for the second time, a key staff member has upon his departure been recruited by the defence. The staff member had occupied a sensitive top-management post at the Tribunal before his departure, and he had been previously posted with the Prosecution; he is now again paid by the Tribunal, this time with legal aid funds as defence counsel. In the UNICEF Supply Division, the Board found little proof of any emphasis on awareness among procurement staff of potential conflicts of interest. The Pension Fund has no specific set of guidelines on ethics and no compliance officer to ensure adherence to existing rules, despite the billions of dollars at stake in assets and payments. A similar issue has been found at the United Nations Compensation Commission.

71. In early 2001, following up on allegations of impropriety made in 2000, the Board undertook a specific review of UNDCP management, while project-related concerns were being simultaneously reviewed by OIOS. The Board's audit did not substantiate allegations of a lack of management integrity, although it led to a number of recommendations, such as on the need for a competitive process in the recruitment of staff and consultants, on the viability of the field office at Bratislava, on the need to pre-check travel expenditures against entitlement in all cases, and on some training expenditures.

G. Internal audit

72. During the biennium 2000-2001, the Internal Audit Division of OIOS conducted 12 information and communication technologies audits, but out of an initial five specialized auditors, only two remain. In view of its above-mentioned findings on ICT management, **the Board is concerned that the number of ICT auditors at OIOS may not be adequate**. The Board noted that OIOS subscribes to one of several sets of standards that could be applied to ICT audits, and that this issue is being discussed among the United Nations system internal audit services.[64]

73. Of the working paper files sampled, some were without the documentation of internal evaluation required in the revised audit management process and/or audit manual, or were not indexed, or had no evidence of review. **The Board recommended that the auditors (a) properly document the review of internal controls, (b) organize the working papers with appropriate references and cross-references and (c) retain the working papers for reference and evaluation purposes. The Board also recommended that OIOS ensure that reviews by audit supervisors are indicated in the working paper files.** OIOS will introduce periodic peer reviews of working papers to further enhance compliance with the standards.[65]

74. The OIOS Investigation Division informed the Board that it had closed 827 cases during the biennium 2000-2001, about 331 (40 per cent) of which were "for information" cases. The Division had prepared reports for 21 per cent of the other 496 closed cases, but not for the remaining 79 per cent. The Board noted that the manual of operations does not include any guideline that determines the circumstances under which a closed-case report should be prepared. **The Board therefore recommended that the Investigation Division define the criteria regarding when reports should be prepared in respect of closed cases.**[66]

75. The United Nations Compensation Commission has restricted the access granted to OIOS auditors. Although progress has been announced, as at June 2002 an agreement had yet to be renewed between OIOS and the Commission to guarantee normal internal audit coverage. Only one auditor's post has been funded; the decision on a second post is yet to be finalized by the Commission. As a result, audit coverage is very limited. The Commission has also declined to approve the OIOS recommendation to require Governments and other paying agents to provide audit certificates relating to payments to the end-beneficiaries, for which there has been no international control. **The Board is concerned that the restrictions and delays reported by OIOS have hindered the internal audit of the $35.9 billion in Compensation Commission awards approved under the direct responsibility of the Security Council. The Board recommended that a series of measures**

be taken to improve the Commission's accountability and transparency.

76. The internal audit function of UNRWA was also reviewed in detail, and several recommendations were made, in, inter alia, the areas of the use of technology, reporting and quality assurance. The Board was pleased to note that UNRWA had already taken steps to address these recommendations. At UNDP[67] and UNRWA,[68] it has taken more than six months to issue some final reports, which entails the risk that the conditions prevailing during the audit might have changed significantly. Out of 96 UNDP internal audits and reviews completed during the biennium, only two related to headquarters,[69] the audit coverage of which may therefore be insufficient; similarly, out of 59 UNFPA audits and reviews only 1 related to headquarters.[70] As in the previous biennium, there was no internal audit of the reliability of the accounting and other data processed for the financial statements of UNDP and UNFPA.

H. Legal aid system and fee-splitting

77. Expenditure on legal aid during the biennium 2000-2001 reached a level of $23 million at the International Tribunal for Rwanda,[71] almost twice the approved allocation, and $23 million as well at the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991. There were some 50 defendants in each Tribunal. In its resolution 56/247 A, the General Assembly requested that the Board of Auditors provide a special assessment of the effectiveness of the tools available, including staff and non-staff assets, to manage, monitor and control expenses of the Tribunals' legal aid system (see also A/55/642, para. 57), and expressed concern about fee-splitting allegations.

78. External auditors are technically not in a position to investigate allegations such as those regarding the splitting of fees between legal aid-funded counsels and defendants. However, the Board found that in neither Tribunal does the legal aid system allow sufficient control over defence expenditure, thereby increasing the risk of fee-splitting. At the Tribunal for the Former Yugoslavia, legal aid may amount to as much as $360,000 per year per defendant.[72] This level of expenditure has become, in the absence of a formal financial ceiling for indigence, the de facto ceiling: a defendant whose income is less than $360,000 a year is not required to contribute to legal expenditures, which are fully paid from Member States' contributions. Pursuant to decisions from the Chambers, the burden of proof of indigence rests with the Tribunal, which does not have the necessary means to perform adequate investigations into the financial situation of a suspect claiming legal aid, although an investigator has recently been recruited. Furthermore, enquiries regarding the means of a defendant made to authorities in the country of origin are often unproductive because of the lack of motivation of the countries concerned. Similarly, at the Tribunal for Rwanda, legal aid is provided on the basis of information supplied by the defendant, without effective verification. Invoices provided by defence counsels are otherwise checked and, if need be, corrected, but in the absence of clear guidelines the impact of such reviews varies.[73]

79. Applicants for legal aid may choose their defence counsels, which could create opportunities for fee-splitting. Both Tribunals also pay fees to some family members of defendants, designated as being assigned to defence teams. Such levels of expenditure and practices may tempt some to engage in fee-splitting, but uncovering such practices is difficult.

80. The Board commends actions taken by the Tribunal for the Former Yugoslavia with a view to issuing a code of professional conduct for counsels, creating a bar with disciplinary power and sanctioning frivolous or fee-splitting practices. The Board is also pleased to note that OIOS is increasing its audit and investigation coverage of the Tribunals. **The Board recommended that the income ceiling for qualifying for legal aid be determined precisely, that counsels be designated at random by the Tribunals and that criteria for the content and evaluation of invoices be clarified.**[74]

81. No explicit completion strategy has yet been approved for either Tribunal, though one is being discussed at the Tribunal for the Former Yugoslavia. Given the present circumstances and the appeals to come, their operations could continue well beyond 2010 if no deadlines are formally decided and implemented, while annual costs for each are now in the vicinity of $100 million.[75]

I. Other issues

82. A number of premises and services are shared with or provided by United Nations Headquarters at New York and the United Nations Offices at Geneva, Nairobi and Vienna in such areas as personnel, administration, finance, information technology and internal audit. However, a service level agreement is seldom signed so as to supply a clear framework for providing and invoicing such services. Such is the case for UNDP,[76] which has yet to conclude agreements with UNFPA[77] and UNOPS.[78] In draft agreements between UNOPS and UNDP, the assignment of respective functions and responsibilities was not finalized, except in respect of the internal audit service, and the human resource function was not covered. In UNDP country offices where formal agreements have been established, they do not always properly address the diversity of the common services, and the modalities of cost reimbursement differ, not always being based on actual services rendered.

83. The United Nations Office at Geneva does not have an updated list of the many United Nations entities it serves or of the numerous administrative services provided to them. It also has yet to sign memorandums of understanding with two thirds of the identified entities in order to clarify the management of their extrabudgetary funds. At the United Nations Office at Nairobi, for 12 out of a sample of 13 conferences managed for organizers, $2.4 million in charges to the organizers for 2000 was not automatically billed, which delayed the recording of income for conference services until a new IMIS application became operational.[79]

84. The United Nations Compensation Commission, based at the United Nations Office at Geneva, awards compensation, on the basis of the Security Council resolutions, for losses and damages suffered during the occupation of Kuwait in 1990. It issues notifications of awards regardless of resources available through the sale of Iraqi oil. At the end of the biennium 2000-2001, awards amounted to $36 billion, of which $15 billion had been paid, more than half in 2000-2001. The largest claims have yet to be processed.

85. The Board is pleased to note that upon its recommendation the Compensation Commission has agreed to include in award and payment notifications a disclaimer stating that payments depend on the availability of funds, are executed only as long as Security Council resolution 687 (1991) is in force, and that Iraq, not the United Nations, is in every respect solely liable.

86. The Compensation Commission decided in 1992 that interest would be awarded from the date the loss occurred, at a rate sufficient to compensate for the loss of use of the principal amount of the award, and paid after the latter. Ten years later, and two years from the expected completion of the Commission's mandate, the methods of calculation and payment have yet to be determined.

87. The members of the Compensation Commission's Panel of Commissioners — in 2001 it was made up of 42 individuals from 33 countries — are mostly private sector consultants; some are active civil servants in their home countries. They assess losses and recommend compensation in reports to the Governing Council. They are employed under special service agreements as consultants, with a stipend that currently amounts to a monthly rate of $8,920, equivalent to the salary level of a short-term D-2 Director, while a recent Compensation Commission survey indicates that they report about six days of work per month. Stipend payments amounted to $8.8 million in the biennium 2000-2001. The Commission also informed the Board that it is not required to adhere to the desirable ranges established for the United Nations Secretariat with regard to staff nationalities. **The Board recommended that the Compensation Commission review the situation of the Commissioners, notably those who are also active national civil servants; that it clarify a discrepancy between contracts based on a flat monthly stipend and a decision to pay the Commissioners according to time spent working; and, if need be, that it implement that decision and request the Commissioners to report their time actually devoted to the Compensation Commission.**[80]

J. Cases of fraud or presumptive fraud

88. The United Nations reported 83 cases of fraud and presumptive fraud that became known to nine organizations during the biennium, involving a total of $0.75 million, one fifth of which has been recovered. These cases involved both staff members and non-staff members. Disciplinary action in the form of summary dismissal was taken against some of the staff members, and other cases are still under investigation.

(*Signed*) Shauket A. **Fakie**
Auditor-General of the Republic of South Africa

(*Signed*) Guillermo N. **Carague**
Chairman, Philippine Commission on Audit

(*Signed*) François **Logerot**
First President of the Court of Accounts of France

27 June 2002

Notes

[1] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 5* (A/57/5), vol. I, chap. II, para. 10.

[2] Ibid., *Supplement No. 5F* (A/57/5/Add.6), chap. II, para. 7.

[3] Ibid., *Supplement No. 5H* (A/57/5/Add.8), chap. II, para. 8.

[4] Ibid., *Supplement No. 5E* (A/57/5/Add.5), chap. II, paras. 10 and 11.

[5] Ibid., *Supplement No. 5G* (A/57/5/Add.7), chap. II, paras. 19-21.

[6] Ibid., *Supplement No. 5K* (A/57/5/Add.11), para. 23.

[7] Ibid., *Supplement No. 5A* (A/57/5/Add.1), paras. 27-29.

[8] Ibid., *Supplement No. 5C* (A/57/55/Add.3), para. 17.

[9] Ibid., *Supplement No. 5B* (A/57/5/Add.2), chap. II, paras. 25-28 and 57-60.

[10] Ibid., *Supplement No. 5* (A/57/5), vol. I, chap. II, paras. 25 and 27.

[11] Ibid., *Supplement No. 5B* (A/57/5/Add.2), chap. II, paras. 29 and 30.

[12] Ibid., *Supplement No. 5C* (A/57/5/Add.3), chap. II, paras. 22 and 24 (b).

[13] Ibid., chap. II, para. 31.

[14] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 5G* (A/57/5/Add.7), chap. II, para. 102.

[15] Ibid., *Supplement No. 5A* (A/57/5/Add.1), chap. II, para. 34.

[16] Ibid., *Supplement No. 5G* (A/57/5/Add.7), chap. II, para. 102.

[17] Ibid., *Supplement No. 5C* (A/57/5/Add.3), chap. II, para. 33.

[18] Ibid., *Supplement No. 5A* (A/57/5/Add.1), chap. II, para. 30.

[19] Ibid., para. 61.

[20] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 5* (A/57/5), vol. I, chap. V, note 27.

[21] Ibid., *Supplement No. 5C* (A/57/5/Add.3), chap. II, para. 27.

[22] Ibid., *Supplement No. 5E* (A/57/5/Add.5), chap. II, paras. 25 and 30.

[23] Ibid., *Supplement No. 5B* (A/57/5/Add.2), chap. II, para. 21.

[24] Ibid., *Supplement No. 5G* (A/57/5/Add.7), chap. II, para 32.

[25] Ibid., *Supplement No. 5J* (A/57/5/Add.10), chap. II, para. 17.

[26] Ibid., paras. 76 and 77.

[27] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 5B* (A/57/5/Add.2), chap. II, paras. 181-184.

[28] Ibid., *Supplement No. 5F* (A/57/5/Add.6), chap. II, paras. 30 and 32.

[29] Ibid., *Supplement No. 5E* (A/57/5/Add.5), chap. II, paras. 23 and 24.

[30] Ibid., *Supplement No. 5A* (A/57/5/Add.1), chap. II, paras. 52 and 54.

[31] Ibid., *Supplement No. 5E* (A/57/5/Add.5), chap. II, paras. 34-37.

[32] Ibid., *Supplement No. 5B* (A/57/5/Add.2), chap. II, paras. 52-54.

[33] Ibid., *Supplement No. 5I* (A/57/5/Add.9), chap. II, paras. 27-37.

[34] Ibid., *Supplement No. 5* (A/57/5), vol. I, chap. II, paras. 31-35.

[35] Ibid.

[36] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 5A* (A/57/5/Add.1), chap. II, para. 142.

[37] Ibid., para. 144.

[38] Ibid., para. 146.

[39] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 5G* (A/57/5/Add.7), chap. II, para. 42.

[40] Ibid., *Supplement No. 5A* (A/57/5/Add.1), chap. II, para. 147.

[41] Ibid., *Supplement No. 5* (A/57/5), vol. I, chap. II, para. 208.

[42] Ibid., *Supplement No. 5E* (A/57/5/Add.5), chap. II, paras. 77 and 78.

[43] Ibid., *Supplement No. 5B* (A/57/5/Add.2), chap. II, para. 148.

[44] Ibid., *Supplement No. 5I* (A/57/5/Add.9), chap. II, paras. 43-48.

[45] Ibid., *Supplement No. 5F* (A/57/5/Add.6), chap. II, paras. 23-25.

[46] Ibid., *Supplement No. 5A* (A/57/5/Add.1), chap. II, paras. 151, 152 and 154.

[47] Ibid., *Supplement No. 5C* (A/57/5/Add.3), chap. II, para. 11 (d).

[48] Ibid., *Supplement No. 9* (A/57/9), annex XII, para. 38.

[49] Ibid., *Supplement No. 5F* (A/57/5/Add.6), chap. II, paras. 37, 38, 42 and 44.

[50] Ibid., *Supplement No. 5* (A/57/5), vol. I, chap. II, paras. 93-95.

[51] Ibid., paras. 96 and 97.

[52] *Official Records of the General Assembly, Fifty-seventh Session* (A/57/5/Add.2), chap. II, paras. 85-88.

[53] Ibid., paras. 105 and 113.

[54] Ibid., paras. 134 and 135.

[55] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 5E* (A/57/5/Add.5), chap. II, paras. 55, 61 and 62.

[56] Ibid., paras. 72 and 73.

[57] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 5G* (A/57/5/Add.7), chap. II, para. 46.

[58] Ibid., *Supplement No. 5A* (A/57/5/Add.1), chap. II, para. 65.

[59] Ibid., *Supplement No. 5G* (A/57/5/Add.7), chap. II, paras. 39 and 40.

[60] Ibid., *Supplement No. 5* (A/57/5), vol. IV, chap. II, paras. 35-37.

[61] Ibid., vol. I, chap. II, paras. 106 and 108.

[62] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 5A* (A/57/5/Add.1), chap. II, paras. 181, 185 and 186.

[63] Ibid., *Supplement No. 5* (A/57/5), vol. I, chap. II, para. 286.

[64] Ibid., para. 181.

[65] Ibid., para. 184.

[66] Ibid., para. 191.

[67] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 5A* (A/57/5/Add.1), chap. II, para. 174.

[68] Ibid., *Supplement No. 5C* (A/57/5/Add.3), chap. II, paras. 91 and 92.

[69] Ibid., *Supplement No. 5A* (A/57/5/Add.1), chap. II, para. 169.

[70] Ibid., *Supplement No. 5G* (A/57/5/Add.7), chap. II, para. 109.

[71] Ibid., *Supplement No. 5K* (A/57/5/Add.11), chap. II, para. 61.

[72] Ibid., *Supplement No. 5L* (A/57/5/Add.12), chap. II, para. 51.

[73] Ibid., *Supplement No. 5K* (A/57/5/Add.11), chap. II, para. 53.

[74] Ibid., paras. 48, 59 and 64.

[75] Ibid., para. 15.

[76] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 5A* (A/57/5/Add.1), chap. II, para. 126.

[77] Ibid., *Supplement No. 5G* (A/57/5/Add.7), chap. II, para. 96.

[78] Ibid., *Supplement No. 5J* (A/57/5/Add.10), chap. II, para. 85.

[79] Ibid., *Supplement No. 5* (A/57/5), vol. I, chap. II, para. 225.

[80] Ibid., paras. 36-79.

Annex I

List of organizations reported on for the financial period ended 31 December 2001

United Nations[a]

International Trade Centre UNCTAD/WTO[b]

United Nations University[c]

United Nations Development Programme[d]

United Nations Children's Fund[e]

United Nations Relief and Works Agency for Palestine Refugees in the Near East[f]

United Nations Institute for Training and Research[g]

Voluntary funds administered by the United Nations High Commissioner for Refugees[h]

Fund of the United Nations Environment Programme[i]

United Nations Population Fund[j]

United Nations Habitat and Human Settlements Foundation (including the United Nations Conference on Human Settlements (Habitat II))[k]

Fund of the United Nations International Drug Control Programme[l]

United Nations Office for Project Services[m]

International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994[n]

International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991[o]

The Board also examined the accounts of the United Nations Joint Staff Pension Fund, and the audit report thereon will be included in the report of the United Nations Joint Staff Pension Board.[p]

Notes

[a] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 5* (A/57/5), vol. I.

[b] Ibid., *Supplement No. 5* (A/57/5), vol. III.

[c] Ibid., *Supplement No. 5* (A/57/5), vol. IV.

[d] Ibid., *Supplement No. 5A* (A/57/5/Add.1).

[e] Ibid., *Supplement No. 5B* (A/57/5/Add.2).

[f] Ibid., *Supplement No. 5C* (A/57/5/Add.3).

[g] Ibid., *Supplement No. 5D* (A/57/5/Add.4).

[h] Ibid., *Supplement No. 5E* (A/57/5/Add.5).

[i] Ibid., *Supplement No. 5F* (A/57/5/Add.6).

[j] Ibid., *Supplement No. 5G* (A/57/5/Add.7).

[k] Ibid., *Supplement No. 5H* (A/57/5/Add.8).

[l] Ibid., *Supplement No. 5I* (A/57/5/Add.9).

[m] Ibid., *Supplement No. 5J* (A/57/5/Add.10).

[n] Ibid., *Supplement No. 5K* (A/57/5/Add.11).

[o] Ibid., *Supplement No. 5L* (A/57/5/Add.12).

[p] Ibid., *Supplement No. 9* (A/57/9).

Annex II

Status of implementation of recommendations for the period ended 31 December 1999

	Number of recommendations	*Implemented*	*Under implementation*	*Not implemented*
United Nations	36	26	10	
International Trade Centre	9	3	6	
United Nations University	6	3	3	
United Nations Development Programme	46	31	11	4
United Nations Children's Fund	12	8	4	
United Nations Relief and Works Agency for Palestine Refugees in the Near East	9	5	3	1
United Nations Institute for Training and Research	11	9	1	1
Office of the United Nations High Commissioner for Refugees*	13	6	7	
United Nations Environment Programme	5	2	3	
United Nations Population Fund	13	6	6	1
United Nations Human Settlements Programme	4	1	3	
United Nations International Drug Control Programme	14	6	6	2
United Nations Office for Project Services	13	10	3	
International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994	8	3	4	1
International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991	3		3	
United Nations Joint Staff Pension Fund	10	3	6	1
Total	**212**	**122**	**79**	**11**

* For the Office of the United Nations High Commissioner for Refugees (UNHCR), the status reported is in respect of the period ended 31 December 2000, since UNHCR has an annual financial cycle.